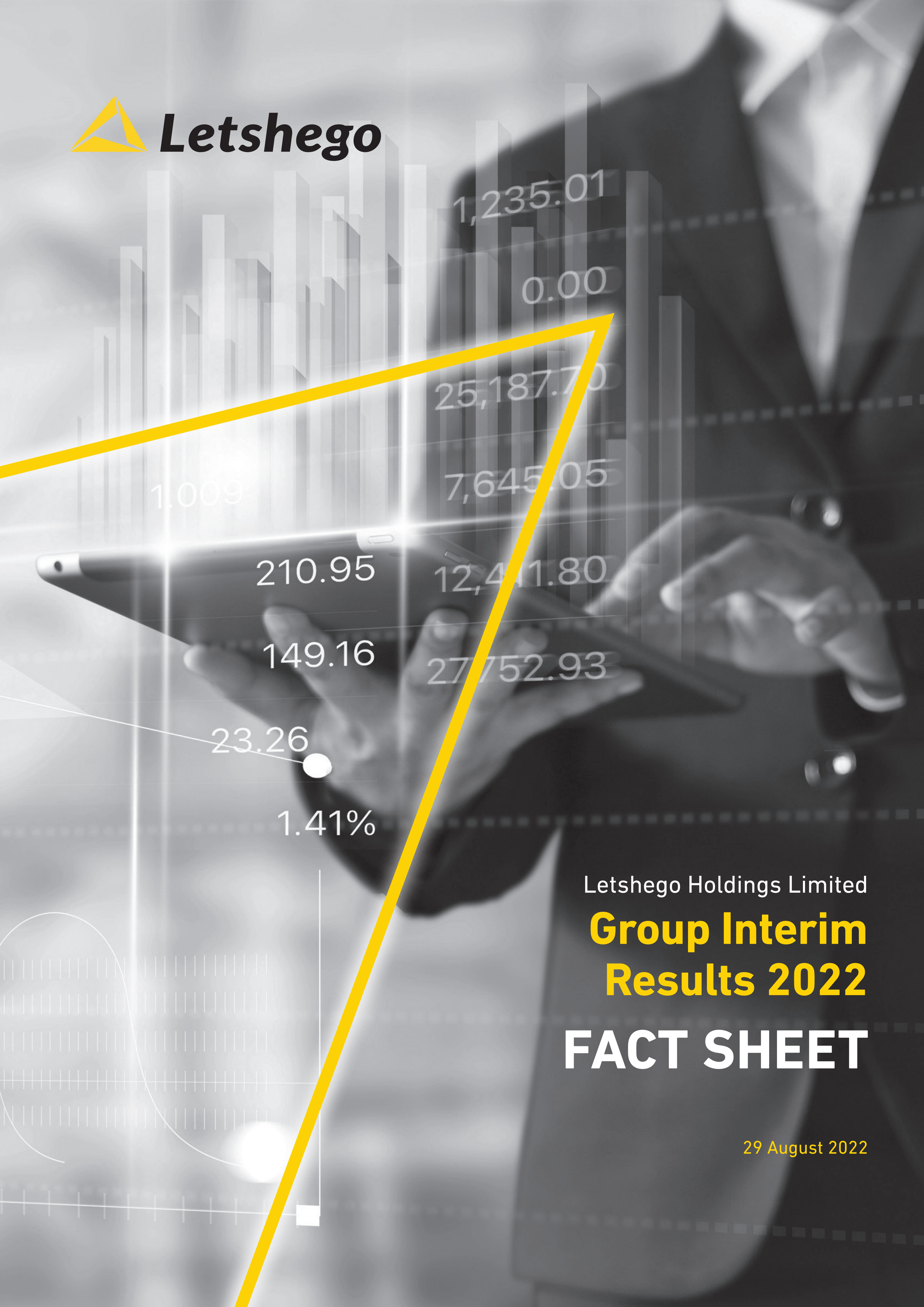


Letshego Holdings Limited

Group Interim Results 2022

FACT SHEET

29 August 2022

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

INTEREST INCOME

increased by **6%** year-on-year to P1.6 billion
(H1 2021: P1.51 billion)

TOTAL INCOME

increased by **12%** year-on-year to P1.9 billion
(H1 2021: P1.66 billion)

PROFIT BEFORE TAX (PBT)

down **18%** year-on-year to P446 million
(H1 2021: P544 million)

NON FUNDED INCOME

increased by **68%** year-on-year to P252 million
Excluding fx Gain: increased by 37% to P205 million
(H1 2021: P150 million)

INTEREST EXPENSE

increased by **39%** year-on-year to P682 million
(H1 2021: P491 million)

INSURANCE REVENUE

increased by **22%** year-on-year to P109 million
(H1 2021: P89 million)

NET INTEREST INCOME

down **10%** to P917 million
(H1 2021: P1.018 billion)

TOTAL ASSETS

increased by **26%** year-on-year to P16.9 billion
(H1 2021: P13.3 billion)

PORTFOLIO PERFORMANCE

NET CUSTOMER ADVANCES

up **10%** to P12.2 billion
(H1 2021: P11.1 billion), while Gross Advances grew by 9% year-on-year

CUSTOMER DEPOSITS

increased by **18%** year-on-year to P1.2 billion
(H1 2021: P989 million)

LOAN LOSS RATIO (LLR)

reduced to **1.3%**
(H1 2021: 1.4%)

SHAREHOLDER RETURNS

RETURN ON EQUITY (ROE)

reduced to **9%**
(H1 2021: 13%) and return on assets reduced to 3%
(H1 2021: 5%)

EARNINGS PER SHARE

reduced by **24%** at 10.1 thebe
(H1 2021: 13.4 thebe)

PHILIP ODERA

Group Chairman

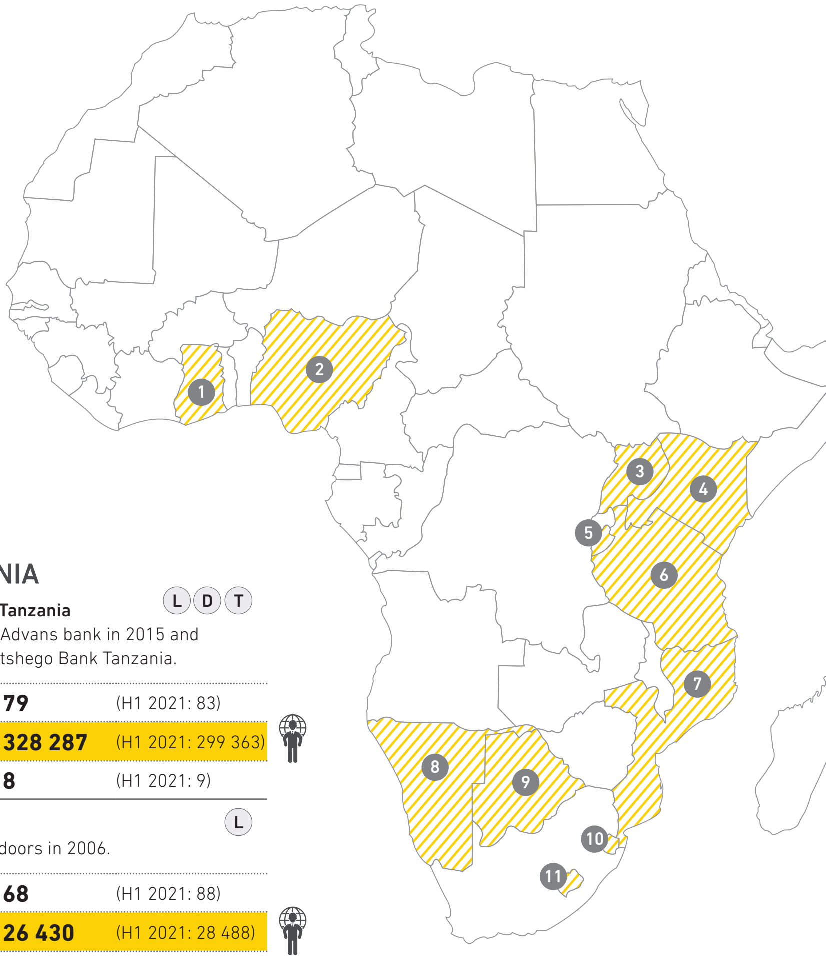
"With globalisation creating close integration between emerging and developed economies, Africa is increasingly sensitive to economic hiccups across world markets. Thus executing a successful pan-African operation requires resolute focus and a clear business strategy, balanced by effective risk management. Letshego is committed to continuous improvement, not only in the execution of a competitive and Agile customer value proposition, but in implementing world-class frameworks. Letshego prioritised support for our people, customers and communities throughout COVID-19, and continues to do so during current economic hardships."

AOBAKWE AUPA MONYATSI

Group Chief Executive

"Letshego is on track with its 5 year Transformation Strategy with operational resilience remaining well-supported by strong business fundamentals. Although we have experienced a sharp rise in our interest expense due to a high interest rate environment and thus a decline in profits, I am inspired by Letshego's business growth potential following ongoing achievements in our digitalisation journey. The ability to deliver a measurable social impact in regional communities is now increasing with the roll out of exciting, sustainable solutions. Our people remain focused, disciplined and passionate about delivering simple solutions that improve lives."

OUR FOOTPRINT



1 GHANA

L D T

Opened doors in 2010 as AFB Ghana. Acquired by Letshego Group in 2017.

EMPLOYEES	**183**	(H1 2021: 184)
CUSTOMERS	**5 660 661**	(H1 2021: 4 197 548)
OUTLETS	**26**	(H1 2021: 26)

2 NIGERIA

L D T

Opened doors as FBN Microfinance Bank in March 2008. Acquired by Letshego Group in 2015 and rebranded as Letshego MFB.

EMPLOYEES	**244**	(H1 2021: 286)
CUSTOMERS	**99 065**	(H1 2021: 92 792)
OUTLETS	**21**	(H1 2021: 22)

3 UGANDA

L

Opened doors in 2005 as Micro Provident Uganda. Rebranded to Letshego Uganda Limited in 2011.

EMPLOYEES	**184**	(H1 2021: 195)
CUSTOMERS	**38 991**	(H1 2021: 41 878)
OUTLETS	**45**	(H1 2021: 44)

4 KENYA

L I

Opened doors in 2000 as part of MicroAfrica Group. Acquired by Letshego Group in 2012.

EMPLOYEES	**139**	(H1 2021: 160)
CUSTOMERS	**11 303**	(H1 2021: 12 377)
OUTLETS	**29**	(H1 2021: 29)

5 RWANDA

L D

Opened doors in 2000 as part of MicroAfrica Group. Acquired by Letshego Group in 2012.

EMPLOYEES	**55**	(H1 2021: 49)
CUSTOMERS	**15 139**	(H1 2021: 14 126)
OUTLETS	**4**	(H1 2021: 4)

6 TANZANIA

Letshego Bank Tanzania

L D T

Group acquired Advans bank in 2015 and rebranded to Letshego Bank Tanzania.

EMPLOYEES	**79**	(H1 2021: 83)
CUSTOMERS	**328 287**	(H1 2021: 299 363)
OUTLETS	**8**	(H1 2021: 9)

Faidika

L

Faidika opened doors in 2006.

EMPLOYEES	**68**	(H1 2021: 88)
CUSTOMERS	**26 430**	(H1 2021: 28 488)
OUTLETS	**106**	(H1 2021: 103)

7 MOZAMBIQUE

L D T

Opened doors in 2011. Commercial banking license awarded in 2016.

EMPLOYEES	**170**	(H1 2021:170)
CUSTOMERS	**352 831**	(H1 2021: 309 640)
OUTLETS	**14**	(H1 2021: 14)

8 NAMIBIA

L D T

Edu Loan Namibia acquired by Letshego Group in 2008 and registered as Letshego Micro Finance Services Ltd. Listed on NSE in 2017.

EMPLOYEES	**153**	(H1 201: 153)
CUSTOMERS	**90 286**	(H1 2021: 79 990)
OUTLETS	**16**	(H1 2021: 15)

9 BOTSWANA

L

Opened doors in 1998. Listed on the Botswana Stock Exchange in 2002.

EMPLOYEES	**156**	(H1 2021: 148)
CUSTOMERS	**35 075**	(H1 2021: 29 560)
OUTLETS	**16**	(H1 2021: 16)

10 ESWATINI

L

Opened doors in 2006 as Micro Provident Swaziland and rebranded in 2010.

EMPLOYEES	**29**	(H1 2021 27)
CUSTOMERS	**162 091**	(H1 2021: 99 712)
OUTLETS	**3**	(H1 2021: 3)

10 LESOTHO

L

Opened doors in 2012.

EMPLOYEES	**47**	(H1 2021 42)
CUSTOMERS	**4 958**	(H1 2021: 5 576)
OUTLETS	**5**	(H1 2021: 5)

L Loan D Deposit T Transaction I Insurance

FINANCIAL COMMENTARY

The Board of Directors of Letshego Holdings Limited ("the Group"/"Letshego Africa") herewith presents an extract of the reviewed consolidated interim financial results for the period ended 30 June 2022.

OVERVIEW

In pursuit of sustained delivery in our Transformation Strategy, the Group progressed its investment into digital capabilities throughout the first half of 2022, deploying new products in the LetsGo Digital Mall in line with Letshego's 6-2-5 execution roadmap.

With regional markets still transitioning from the financial hangover of COVID-19, additional economic headwinds associated with Russia/Ukraine turmoil arose, including rising inflation and increasing interest rates. Economic challenges saw downward pressure on client affordability levels as well as depreciation of local currencies. Inflationary increases, rising interest rates and weakening currencies slowed business momentum, increased interest expense and ultimately impeded the Group's profitability trajectory. Profit before tax declined 18% year on year to P446 million (H1 2021: P544 million) with Profit after tax reducing 21% year on year to P248 million (H1 2021: P314 million).

The Group's Total Income for the period increased by 12% year on year, buoyed by an increase in Interest Income of 6% and an increase in Non-Funded Income of 37% (excluding foreign exchange gains) compared to the same period in 2021. These increases were therefore on the back of balance sheet growth and continued acceleration of auxiliary income streams.

Interest expense has elevated due to economic headwinds, central bank interventions, and the Group's current comparative scale in retail deposits. Net Interest Income declined by 10% compared to the prior period on the back of increased reference rates by most central banks, for which, because of our deduction at source primary business, we do not adjust our lending rates.

2022 is the second and final year within the Group's digital investment phase – also referred to as "Plan 2" (two year period – 2021 and 2022). The Group will launch its LetsGo@Work proposition integrating product and partner offerings into a comprehensive and refreshed value proposition. Focused digital investment in this first half led to a forecast and expected increase in operating expenses of 16% year on year totaling P29.5 million (H1 2021: P26.6 million). Digital enhancements include the addition of new and existing products to the LetsGo Digital Mall, increasing customer access and system efficiencies, while still leveraging the Group's omnichannel strategy that includes web, mobile, USSD and WhatsApp.

Within the Group's lending portfolio, Net Customer Advances enjoyed double digit growth of 10% year on year to P12.2 billion (H1 2021: P11.1 billion). Non-Performing Loans increased marginally to 7.2% (H1 2021: 5.6%), with Letshego's Micro and Small Entrepreneur ("MSE") customer segment remaining the most vulnerable to broader economic challenges. The Group consistently applied and enhanced its credit and risk management controls, maintaining strong Asset Quality evidenced by a stable Loan Loss Ratio of 1.3% for the period (H1 2021: 1.4%).

Product performance saw sound deposit growth at 18% year on year to P1.2 billion (H1 2021: P989 million). Payment Transactions processed by our USSD channels rose sharply with volumes increasing by 162% year on year to P109 million (H1 2021: P41 million). USSD volumes are attributable to sound momentum in value-added services (VAS), bill payments and intra-wallet transfers. Letshego's flagship Affordable Housing portfolio has made its headline debut in Namibia and Botswana. Income from this socially impactful solution is expected to reflect in second half performance.

Letshego maintains a strong capital position at 33% Capital Adequacy Ratio, with subsidiaries remaining well-capitalised and enough liquidity to support future country growth ambitions. Having added a series Letshego's products onto the LetsGo Digital Mall, second half performance will be underpinned by targeted, focused and disciplined marketing and sales interventions. This will be guided by enhanced data driven analysis, performance modeling, and continued operational efficiency improvements through end-to-end automation of processes.

FINANCIAL HIGHLIGHTS JUNE 2022

- **NET INTEREST INCOME** down 10% to P917 million (H1 2021: P1.018 billion)
- **NON-FUNDED INCOME** increased by 68% year-on-year to P252 million (H1 2021: P150 million)
- **PROFIT BEFORE TAX (PBT)** down 18% year-on-year to P446 million (H1 2021: P544 million)
- **PROFIT AFTER TAX (PAT)** down 21% year-on-year to P248 million (H1 2021: P314 million)
- **NET ADVANCES** up 10% to P12.2 billion (H1 2021: P11.1 billion), while Gross Advances grew by 9% year-on-year
- **TOTAL ASSETS** increased by 26% year-on-year to P16.9 billion (H1 2021: P13.3 billion)
- **LOAN LOSS RATIO (LLR)** of 1.3% (H1 2021: 1.4%) showed continuing loan book quality
- **CUSTOMER DEPOSITS** increased by 18% year on year to P1.2 billion (H1 2021: P989 million)
- **COST TO INCOME RATIO** increased to 57% year on year (H1 2021: 47%)
- **EFFECTIVE TAX RATE (ETR)** up to 44% (H1 2021: 42%)
- **EARNINGS PER SHARE** 10.1 thebe (H1 2021: 13.4 thebe)
- **RETURN ON EQUITY (ROE)** 9% (H1 2021: 13%) and return on assets 3% (H1 2021: 5%)
- **CAPITAL ADEQUACY RATIO** remain well capitalised at 33% (H1 2021: 31%) alongside strong asset growth
- **DEBT TO EQUITY** 141% in line with gearing ratio guidelines (H1 2021: 119%)

Statement of Profit and Loss Review

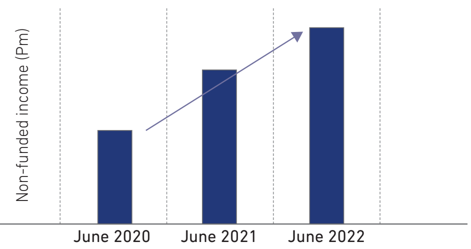
Net Interest Income dropped by 10% to P917 million (H1 2021: P1.018 billion) whilst interest Income increased by 6% over the same period. Interest expense incurred on borrowings increased by 39% year-on-year. This was driven by a 35% rise in debt volumes to support growth coupled with changes to benchmark reference rates linked to floating rate facilities across the Group's footprint. Economic downside challenges influenced cost of floating rate facilities, resulting in cost of funds increasing by 60 basis points over the reporting period.

Non-funded income increased by 68% year-on-year to P252 million (H1 2021: P150 million) from growth in current and new insurance products, as well as a foreign exchange gain of P47million. Excluding foreign exchange gain, non-funded income increased by 37% to P205 million.

In the first half, insurance revenue increased by 22% to P109 million (H1 2021: P 90 million) and constitutes 43% of the Group's Non-Funded income portfolio. The first half of 2022 saw the launch of several Non-funded income products, these include, Insurance and Lifestyle Wellbeing.

The below shows a trend of Non-funded income over three years (CAGR = Capital Annualised Growth Rate)

NON-FUNDED INCOME CAGR – 28%



Total operational expenses increased by 17% year on year totalling P644 (H1 2021: P549 million), resulting from ongoing investments in our digital solutions and execution capabilities. The rise in costs were further compounded by inflationary pressures, particularly in East and West markets where inflation rates increased on an aggregated basis of over 200% from December 2021 to June 2022. Employee costs increased by 11% year on year supporting the acquisition of specialist skills in various areas of the business, and the development of the LetsGo Digital Mall.

As expected, Cost to income increased by 57% in the first half of this year, up from 47% in the same period last year, with the bulk of the Group's investment into accelerating digital platforms occurring in the first half of this year. The Group expects Cost to Income to taper downwards by the end of 2022.

Effective Tax Rate ("ETR")

Letshego's Effective Tax Rate was 44% (H1 2021: 42%) with baseline line tax remaining the same year on year. However, with dividend flows and inter-Group subsidiary costs, ETR contribution increased by 3%. This remains in line with the Group's internal thresholds.

The components of the ETR are broken down as follows:

Components of the Effective Tax Rate	30 Jun 2022 %	30 Jun 2021 %
Baseline tax charge	32	32
Dividends from subsidiaries & preference shares and inter group cost	12	9
LHL Deferred taxation	–	1
Effective tax rate	**44**	**42**

Subsidiary dividends increased from P346 million in the first half of 2021, to P470 million this year in the same period.

Asset Quality

Asset Quality held strong against COVID-19 tailwinds and the macro economic pressures prevailing in the first of the year. Loan ratio for H1 2022 was 1.3% compared to 1.4% recorded in H1 2021.

This remains within our mandate and scale ceiling of 2.5%. The net credit impairment charge for this first half was 6.5% higher at P81 million compared to a charge of P76 million for the first half in 2021. The increase in impairment charge was an outcome of the recalibration of the Group's Expected Credit loss models (IFRS 9) performed in April 2022. These models incorporated a forward looking macro-economic element, actual loan loss experience and external operational issues impacting the Group's Deduction at Source portfolio.

The Group's impairment charge is expected to remain on par with pre-COVID-19 pandemic levels in coming quarters, and therefore we expect overall impairment coverage to remain broadly stable across all portfolios.

Impairment Provisions

Expected Credit Losses increased by 8.7% to P613 million in June 2022 from P564 million in December 2021 (June 2021: P631 million). The increase was driven by lagging recoveries in the Group's MSE sectors post COVID-19, as well as economic repercussions from the Russia-Ukraine turmoil. Economic challenges are evident in rising food and commodity prices, inflationary flare ups and rising interest rates. We expect the tightening macro-economic conditions to impact collections and recoveries momentum, particularly for the non-Deduction at Source portfolios. However, ECL models did factor these eventualities into the April 2022 recalibrations, and the Group remains comfortable with its forward looking provisions.

Portfolio Performance & Quality

The Group's Asset Quality came under pressure in the first half with Non-Performing Loans (NPLs) rising to 7.2% for the period under review (H1 2021: 5.6%). Rising NPLs were driven by ongoing economic challenges on the MSE book coupled with external operational pressures predominately on the public service portfolio in Mozambique, Uganda, Nigeria and Ghana. Work continues in collaborating with governments and private sector partners to implement sustainable solutions.

In the second half of this year, our portfolios are expected to show similar resilience to that shown during the pandemic, especially in the Deduction at Source book.

Asset Quality: Tabulated summary

Measure	H12022 %	FY2021 %	H12021 %	FY2020 &	H12020 %	FY2019 %	H12019 %	FY2018 %	H12018 %
Portfolio at risk – 90 days (NPL)	**7.2**	5.9	**5.6**	5.3	**7.9**	6.9	**7.3**	**7.1**	**7.6**
Portfolio at risk – 30 days	**11.1**	9.2	**8.7**	8.3	**11.2**	10.0	**10.6**	**10.4**	**10.4**
Non-performing loan coverage ratio	**63**	75	**97**	98	**103**	112	**109**	**115**	**95**
Loan loss rate – actual	**1.3**	-0.1	**1.4**	0.3	**1.4**	1.7	**2.5**	**4.1**	**2.6**
Loan loss rate – excl. once-off items	**1.3**	0.6	**1.9**	1.8	**1.4**	1.7	**2.5**	**2.0**	**2.6**

Strong deposit growth

Deposits increased by 18% to P1.164 billion (H1 2021: P989 million). Retail deposits constitute 50% of the first half's total deposit portfolio value, an improvement of P213 million compared to the same period last year.

Saving customers increased by 14% year on year to 792 949 (H1 2021: 694 273) emanating from the partnerships with Mobile Network providers and payment companies in Tanzania and Mozambique, in line with the Group's focus on activating a mass savings customer segment (small micro/nano savers).

First half cost of deposits reduced by 200 basis points, driven by the retail customer segment. Second half will see the conclusion and launch of Digital Flexi saving accounts, commencing with Namibia and Ghana. This is expected to strengthen the Group's customer value proposition on the LetsGo Digital Mall.

Funding and Liquidity

The Group has a strong funding base, with ongoing commitment to retire expensive funding, accelerated by recent increasing interest rate environments. Wholesale Bank funding makes up 45% of Letshego's total funding portfolio (FY2021:39%), while Development Finance Institution (DFIs) funding constitutes 23% of the Group's total funding portfolio (FY2021: 25%). Bonds constitute 18% of total funding (FY2021: 23%). The Group matured its Bonds on the Johannesburg Stock Exchange, with Namibia now raising its own funding through the local bond market. Namibia's note programme increased by 108% to P289 million (H1 2021: P139million).

In light of the increasing interest rate regime, the Group made every effort to secure fixed rate funding to curb fluctuations in cost of funds. The Group's fixed or indexed interest debt profile increased to P4.6 billion (H1 2021: P2.3 billion) while the variable interest rate debt profile decreased marginally to P4.4 billion (H1 2021: P4.5 billion). The Group actively drew fixed rate funding, and in some instances, hedged floating rate facilities to fixed rate using cross currency swaps. Overall, cost of funds increased by 60 basis points in the reporting period, driven by the above macro-economic factors.

Efforts continue to raise local or indexed currency borrowing to manage foreign exchange risk. Liquidity is stable with cash and cash equivalents at P1.3 billion (H1 2021: P1 billion). 32% of this constituted government bonds and treasury bills used to secure local currency funding on the back of foreign denominated instruments.

STRATEGIC TRANSFORMATION CONTINUES TO BE DRIVEN BY 5 CONVERSATIONS

1 Product Diversification
2 Digitalisation
3 Geographic Rebalancing
4 Enterprise Agility
5 Sustainable Shareholder Value

1 Product diversification

Lending

DEDUCTION AT SOURCE ("DAS")

DAS net loan book values grew 8% year on year to P10.7 billion (H1 2021 P9.3 billion). Profit before tax for the segment decreased 7% to P632 million (H1 2021: P677 million) driven by costs including strategic digital investments.

First half focus has been to continue the Group's campaign to convert existing customers to the LetsGo Digital Mall. In the last six month period 180,000 customers transferred to the Digital Mall, compared to only 2,370 customers in the same period last year. The current DAS portfolio on the Digital Mall is valued at P734m with ongoing focus on growing this portfolio in the second half. Letshego continues to strengthen its customer value proposition on the Mall by building more services required by DAS and other customers.

MSE & PROGRAMMATIC LENDING

The MSE book increased 24% year on year to P1billion (H1 2021: P817 million). The segment's Profit before tax however decreased by 192% to P15 million (H1 2021: P42 million) driven by declines in East and West African market portfolio performance in the first half, increased investment into digitisation, regional inflationary pressures and currency devaluations.

While first half focus has been to launch Affordable Housing on the LetsGo Mall, second half focus will continue broadening MSE product offerings on the digital platform to new customers with the addition of housing, education and health solutions.

MASS MOBILE LENDING

The mobile mass book grew 12% year on year to P407 million (H1 2021: P364 million). Profit before tax for this segment decreased 86% to P1.2 million (H1 2021: P8 million) driven by costs including strategic digital investments. Having achieved the first half ambitions in building online credit scoring capabilities and a new customer value proposition for this segment on the Digital Mall, second half focus will be on driving the adoption of this new offering in Botswana and Uganda.

Savings & Deposits

Total deposits increased by 18% to P1.164 billion (H1 2021: P989 million) with the retail deposit proportion growing by 57% year on year to P587 million (constituting 50% of total deposits compared to H1 2021, where retail deposits constituted 37% of the total deposit portfolio).

The mobilisation of small retail deposits in the mass and middle customer segments grew the number of retail customers by 16% year on year. Second half will see the broadening of access to savings on the LetsGo Digital Mall by the offering Digital Flexi-Save accounts, initiating in Namibia and Ghana.

Insurance

On insurance, the Group successfully met its first half target to launch its short-term Digital Insurance Product offering in five markets. Second half focus will be to broaden access to the new digital insurance products through education and targeted engagement campaigns around the Group's new insurance offerings.

Payments

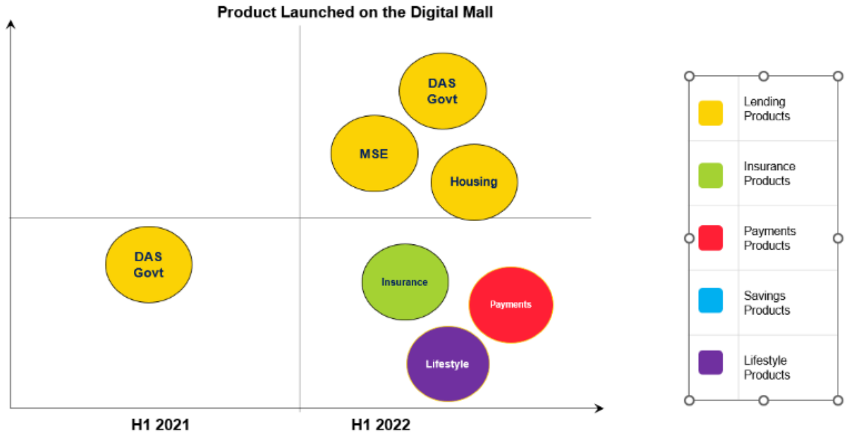
The volume of card transactions increased by 16% to 248 057 (H1 2021 214 735) due to increased card issuance in Namibia and, to a more limited extent, in Tanzania and Nigeria. First half USSD transaction volumes increased by 107% to 145 314 (H1 2021: 70 046) as increasing number of customers used new products of bill payments and airtime payment solutions. Cards will launch in Mozambique in the second half of the year along with a digital account offering.

Lifestyle

In the first half of this year Letshego launched Digital Wellbeing on the LetsGo Mall across nine markets, securing over 16 000 active users to date. The Wellbeing proposition provides a combination of solutions for all visitors to the LetsGo Mall. Wellbeing content includes expertise and facts on nutrition, fitness, mental and physical health. In the second half of the year Wellbeing is expected to broaden into patient engagement tools.

2 Digitalisation

In the first half of the year we focused on growing registered prospective customers on the digital mall to 986 082 (H1 2021: 9 810), with a view of creating viable products to meet customer needs. We extended our product offering to more markets, launching Affordable Housing in Namibia on the Digital Mall in the period under review as well as completing Wellbeing products in nine markets. Insurance products (Short term and long term) were launched in five of our markets. Digital adoption trends remained robust at 76% (H1 2021: 74%) and we expect to start generating revenue from the platform, We aim to broaden access with a revamped LetsGo@Work employer and employee proposition which we will take to all government and non – government customers we serve.



3 Geographic Rebalancing

Geographic Rebalancing remains a strategic priority within the Group's Transformation Strategy, with East and West African markets expected to outperform Africa's average GDP Growth in the next 5 years (source: IMF). However, first half economic headwinds have reduced this sub region's contribution to Group profits in this first half of the year. Increased digitised access to more products via the LetsGo Digital Mall is expected to extend the reach and growth in sales into the second half. East and West subsidiaries to overall Group profits reduced to 10% at P44 million (H1 2021: 24% – P130 million). West African market currencies have depreciated by over 20% in the six month period, depleting local currency loan book growth.

4 Enterprise Agility & People

In driving our People-First agenda, our theme has been on sustainable employee engagement. Impact plans to drive a world class employee experience have been put in place. Other empowerment initiatives include the launch of the LetsGo Digital Mastery Programme in Botswana, that has enrolled both internal and promising external candidates with strong digital skills. Leadership development programmes for both Executive and Managerial employees with the Gordon Institute of Business School (GIBS) continued while McKinsey's Black Academy was added to our skills empowerment curricula for regional top talent to secure unique global expertise. Coursera, the Group's digital learning portal, continues to offer all employees access to over 4,000 globally accredited training and skill enhancing curricula. Currently 77% of employees are learning off the Coursera platform with 54,164 learning hours logged in the first half, averaging 31 hours per employee.

An increased focus on strengthening Agile ways of working across the Group has delivered noticeable results. An internally developed Lean and Agile Fundamentals course was launched on Coursera for on-demand access by all employees across Letshego. More than 1,000 (+58%) employees have enrolled in the course with over 900 (+51%) completing to date. SAFe Product Owner/ Product Manager (POPM) certification training was delivered for 11 country-based employees, and decentralised country Lean Agile Center of Excellence (LACE) teams were established to promote agility practices at subsidiary level. Agile Coaching capacity and capabilities were improved with completion of Release Train Engineer (RTE) certification training for all coaches.

Operational Productivity has increased by 37.7% in the first half as a result of Agile ways of working and automation initiatives. The Group has achieved 52% automation across the Group within our lending value stream.

5 Sustainable Shareholder Value

Following the successful roll out of the Group's Capital Allocation and Optimisation framework we have seen an increase in dividends received from subsidiaries, from P346 million in 2021, to P470 million in 2022. The Group's Capital Adequacy ratio remained strong at 33%. While the business saw a dip in ROE to 9% for the first half (H1 2021: 13%), the Group continues to embed strategic partnerships to extend its sustainable growth potential and remain on track to achieve targeted ROE of >20% by 2025.

OUTLOOK

Although global oil prices appear to be levelling once more, impact on regional markets will be gradual. The effects of increased inflation due to oil price hikes, supply chain disruptions and production upheavals are expected to linger in the second half of the year. Inflation pressures are expected to continue, with regional governments likely to implement further monetary policy action to protect downside impact within their respective economies.

Despite economic upheavals, Letshego remains steadfast and committed to the growth potential that its five year Transformation Strategy will deliver. The Group is confident in the sustainable shareholder and economic returns its digital investment strategy will offer, supported by tangible business efficiencies that arise with the ongoing integration of its Target Operating Model (TOM).

Plan 2 execution plans have been successful, complimented by the Group's ongoing analysis and ability to adapt or pivot execution flows to remain on track with 5 year targets. Financial solutions have been aligned to meet the region's social and macro-economic development trends, spurring the launch of 'Programmatic Lending', a commercially viable suite of financial solutions that are tailored to achieve a measurable social impact.

The Group continues on its digital drive to enhance data analytics, coupled with continuing technical expertise through its strategic partnerships. In the second half of the year Group will launch its "LetsGo@Work" – a revamped Employer proposition. This is a methodical approach to regrow the core business then broaden to other products, with a refreshed co-created employer propositions. The key elements of the program will include: Simplicity for the employer, a Focus on the customer and Discipline from staff.

Environmental and Social Governance (ESG) and impact offerings supported by world-class technical assistance by global partners will support performance in the second half of 2022. Priority products include Affordable Housing, Health, Education along with fulfilling the expansive cross-selling potential of recently launched products on the LetsGo Digital Mall. All portfolios continue to benefit from continuously enhanced digitised credit evaluation processes.

In the second half of this year, Letshego will progress and conclude the operationalisation of Country Environmental and Social Management Systems in three markets: Ghana, Tanzania and Nigeria. This process will see the effective collaboration and integration of ESG policies, data, training of champions and embedding of processes across country functions to bolster the Group's governance and reporting framework.

Letshego's business fundamentals remain sound, and the management team has been successful in building business resilience throughout recent unpredictable environments. Letshego's 5 Conversations remain in effective in guiding strategic focus and delivery, supported by ongoing digitisation of channels, systems and products driving the delivery of 5 year targets.

From a fiduciary perspective, specialised skills at Group Board level have been enhanced with the addition of four new Board Members. We wish to welcome Mr. Jayaraman Ramesh, Mr. Christopher Mokgware, Mr. Ketlhalefile Motshegwa and Professor Emmanuel Botlhale to the Letshego Holdings Board, and look forward to gaining additional fiduciary support and perspective as we drive momentum towards our 2025 Vision.

AUDITORS' REVIEW

The condensed half year financial statements from which the financial information is set out in this announcement has been reviewed but not audited by Ernst & Young, Letshego Group's external auditors. Their review report is available for inspection at the Group's registered office.

DIVIDEND NOTICE

Notice is hereby given that the Board has declared a dividend of 5.8 thebe per share for the period ended 30 June 2022. In terms of the Botswana Income Tax Act (Cap 50:01) as amended, withholding tax at the rate of 10% or any other currently enacted tax rate will be deducted from the dividend for the year ended 30 June 2022.

Important dates pertaining to this dividend are:

- Declaration date: 23 August 2022
- Therefore, the shares go ex-dividend from 16 November 2022
- Last date to register (LDR) is 18 November 2022
- Dividend payment date on or about, 30 November 2022

For and on behalf of the Board of Directors:

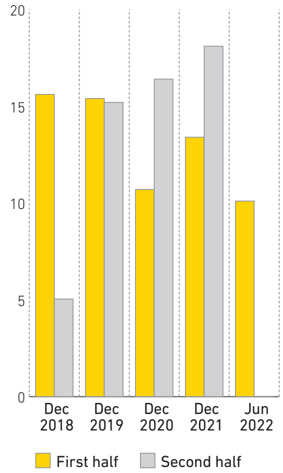
Philip Odera
Group Chairman
23 August 2022

Aobakwe Aupa Monyatsi
Group Chief Executive
23 August 2022

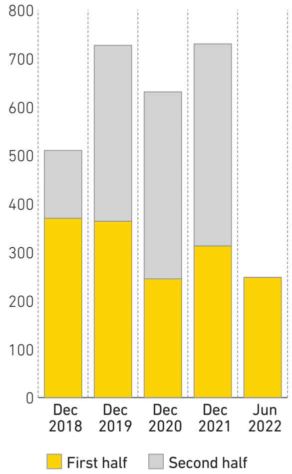
RATIOS

	30 June 2022 (Reviewed)	30 June 2021 (Audited)	31 Dec 2021 (Audited)
Return on average assets (%)	3	5	5
Return on average equity (%)	9	13	14
Cost to income ratio (%)	57	47	52
Debt to equity ratio (%)	141	119	145

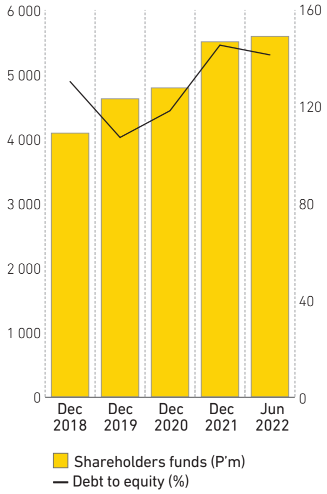
BASIC EARNING PER SHARE (%)



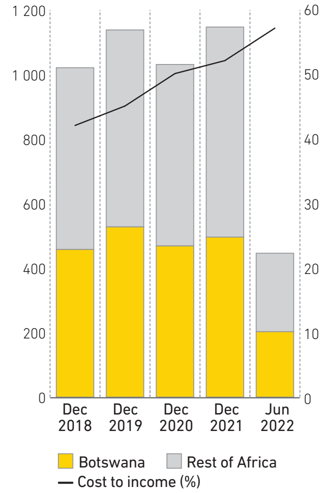
PROFIT AFTER TAX (P'm)



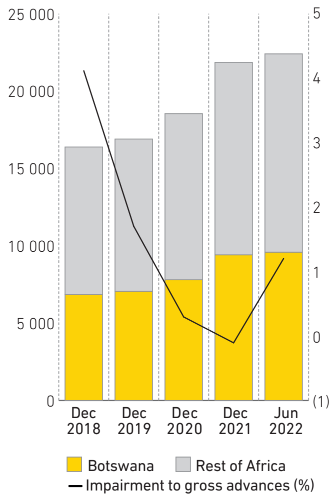
SHAREHOLDERS' FUNDS: DEBT TO EQUITY



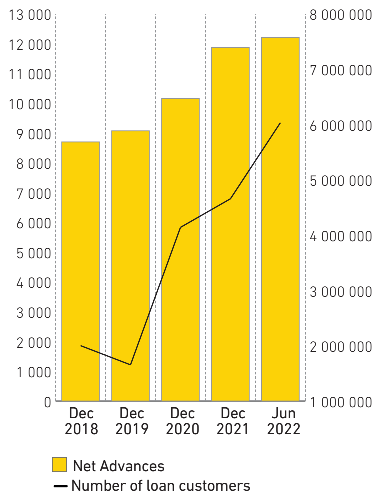
GEOGRAPHIC DIVERSIFICATION AND PBT TO COST TO INCOME RATIO



GROSS ADVANCES AND IMPAIRMENT

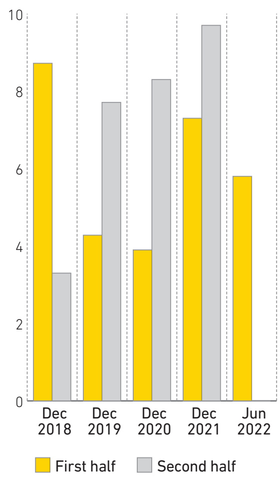


NET ADVANCES AND NUMBER OF CUSTOMERS

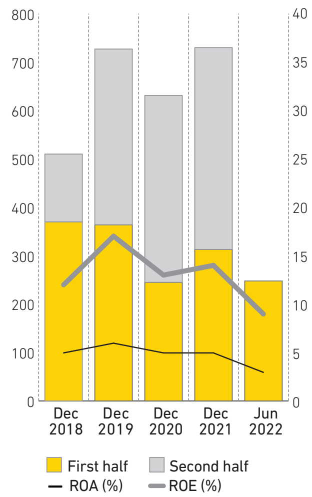


* The above excludes mobile customers

DIVIDEND PER SHARE (THEBE)



ROA vs ROE vs PAT



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2022 (Reviewed) P'000	30 June 2021 (Reviewed) P'000	Change %	At 31 Dec 2021 (Audited) P'000
ASSETS					
Cash and similar instruments	1	**1 317 017**	1 005 836		1 413 500
Investment securities	2	**947 991**	–		859 496
Advances to customers	3	**12 199 779**	11 103 366	10	11 875 595
Other receivables	4	**541 986**	374 947		413 411
Financial assets at fair value through profit or loss	5	**1 127 619**	260 832		826 092
Financial assets at fair value through OCI		**71 499**	59 408		71 499
Income tax receivable		**103 404**	101 922		134 767
Property and equipment	6	**154 493**	106 798		172 822
Right of use assets	7	**97 148**	109 517		98 756
Intangible assets	8	**149 902**	34 282		30 040
Goodwill	9	**66 627**	67 042		67 715
Deferred tax assets		**92 623**	114 770		95 748
Total assets		**16 870 088**	**13 338 720**	**26**	**16 059 441**
LIABILITIES AND EQUITY					
Liabilities					
Financial liabilities at fair value through profit or loss	10	**1 109 563**	255 807		808 621
Customer deposits	11	**1 164 071**	988 912	18	1 175 586
Cash collateral	12	**20 303**	19 093		21 522
Trade and other payables	13	**930 970**	807 663		965 860
Lease liabilities	14	**96 066**	107 316		99 646
Income tax payable		**62 880**	137 967		96 268
Borrowings	15	**7 889 354**	5 858 058		7 380 768
Deferred tax liabilities		**6 750**	5 907		5 168
Total liabilities		**11 279 957**	**8 180 723**	**38**	**10 553 439**
Shareholders' equity					
Stated capital	16	**882 224**	882 224		882 224
Foreign currency translation reserve		**(471 003)**	(654 049)		(557 341)
Legal reserve		**313 780**	214 835		265 244
Fair value adjustment reserve		**15 248**	5 817		15 248
Share based payment reserve		**32 390**	31 215		39 907
Retained earnings		**4 382 002**	4 242 048		4 421 568
Total equity attributable to equity holders of the parent company		**5 154 641**	**4 722 090**		**5 066 850**
Non-controlling interests		**435 490**	435 907		439 152
Total shareholders' equity		**5 590 131**	**5 157 997**		**5 506 002**
Total liabilities and equity		**16 870 088**	**13 338 720**	**26**	**16 059 441**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	6 months ended 30 June 2022 (Reviewed) P'000	6 months ended 30 June 2021 (Reviewed) P'000	Change %	12 months ended 31 Dec 2021 (Audited) P'000
Interest income at effective interest rate	17	1 599 136	1 510 417	6	3 110 511
Interest expense at effective interest rate	18	(674 807)	(473 560)	42	(1 119 108)
Other interest expense	18.1	(6 819)	(18 028)	(62)	(12 569)
Net interest income		**917 510**	**1 018 829**	**(10)**	**1 978 834**
Fee and commission income	19	44 075	35 442	24	83 681
Other operating income	20	208 519	114 379	82	284 243
Operating income		**1 170 104**	**1 168 650**	**(0)**	**2 346 758**
Expected credit losses*	21	(80 568)	(75 719)	6	17 196
Net operating income		**1 089 536**	**1 092 931**	**(0)**	**2 363 954**
Employee costs	22	(281 887)	(252 882)	11	(546 241)
Other operating expenses	23	(361 693)	(295 971)	22	(670 969)
Profit before taxation		**445 956**	**544 078**	**(18)**	**1 146 744**
Taxation		(198 039)	(230 384)		(417 243)
Profit for the period		**247 917**	**313 694**	**(21)**	**729 501**
Attributable to :					
Equity holders of the parent company		217 047	285 783		671 554
Non-controlling interests		30 870	27 911		57 947
Profit for the period		**247 917**	**313 694**	**(21)**	**729 501**
Other comprehensive income, net of tax					
Items that may be subsequently reclassified to profit or loss:					
Fair value adjustment from revaluation of a financial asset		–	–		9 431
Foreign currency translation differences arising from foreign operations		98 759	245 837		329 824
Total comprehensive income for the period		**346 676**	**559 531**		**1 068 756**
Attributable to :					
Equity holders of the parent company		303 385	517 407		1 009 317
Non-controlling interests		43 291	42 124		59 439
Total comprehensive income for the period		**346 676**	**559 531**		**1 068 756**
Weighted average number of shares in issue during the period (millions)		2 140	2 131		2 134
Dilution effect – number of shares (millions)		149	157		149
Number of shares in issue at the end of the period (millions)		2 144	2 144		2 144
Basic earnings per share (thebe)		10.1	13.4	(24)	31.5
Fully diluted earnings per share (thebe)		9.5	12.5		29.4

Note: The diluted EPS has been calculated based on the total number of shares that may vest in terms of the Group's long term staff incentive scheme.

* In the current period expected credit losses have been reflected as part of the outcome of 'Net operating income'. The Group has opted to present its statement of profit or loss and other comprehensive income in this manner, since it would be more representative of its activities for expected credit losses to be regarded as an 'operating' element of its business. In prior periods, expected credit losses were reflected immediately above the 'profit before taxation' line and the indicated amendment is anticipated to enhance users' undertsanding of the financial statements of the Group.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**6 months ended 30 June 2022 (Reviewed) P'000**	6 months ended 30 June 2021 (Reviewed) P'000	Year ended 31 Dec 2021 (Audited) P'000
OPERATING ACTIVITIES				
Profit before taxation		**445 956**	544 078	**1 146 744**
Adjustments for :				
– Interest income at effective interest rate		**(1 599 136)**	(1 510 417)	**(3 110 511)**
– Interest expense		**681 626**	491 588	**1 131 677**
– Amortisation, depreciation, right of use assets and disposals		**36 978**	49 197	**101 143**
– Impairment and write off charge		**151 000**	164 718	**161 121**
Movement in working capital and other changes		**(618 871)**	(818 880)	**(1 487 136)**
Cash used in operations		**(902 447)**	(1 079 716)	**(2 056 962)**
Interest received		**1 599 136**	1 510 417	**3 110 511**
Interest paid		**(674 808)**	(473 560)	**(1 116 747)**
Income tax paid		**(198 010)**	(179 486)	**(422 607)**
Net cash flows used in operating activities		**(176 129)**	(222 345)	**(485 805)**
INVESTING ACTIVITIES				
Purchase of treasury bonds		**(88 495)**	–	**(859 496)**
Purchase of property, plant and equipment		**(65 397)**	(28 689)	**(112 908)**
Purchase of intangible assets		**(60 809)**	–	**(2 926)**
Net cash flows used in investing activities		**(214 701)**	(28 689)	**(975 330)**
FINANCING ACTIVITIES				
Dividends paid to equity holders and subsidiary non-controlling interest		**(255 030)**	(201 085)	**(370 997)**
Payment of capital and interest on leases		**(27 577)**	(35 043)	**(62 969)**
Finance obtained from third parties		**1 204 079**	1 300 892	**2 817 052**
Repayment of borrowings		**(579 564)**	(918 244)	**(636 976)**
Net cash flows generated from financing activities		**341 908**	146 520	**1 746 110**
Net movement in cash and similar instruments		**(48 922)**	(104 514)	284 975
Cash and similar instruments at the beginning of the period		**1 355 294**	986 534	986 534
Effect of exchange rate changes on cash and similar instruments		**(11 141)**	54 604	83 785
Cash and similar instruments at the end of the period	1	**1 295 231**	**936 624**	**1 355 294**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital P'000	Retained earnings P'000	Share based payment reserve P'000	Fair value reserve of financial assets at FVOCI P'000
Balance at 1 January 2021	**872 169**	**4 133 314**	**31 295**	**5 817**
Total comprehensive income for the period				
Profit for the period	–	285 783	–	–
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX				
Other comprehensive income	–	–	–	–
Foreign currency translation reserve	–	–	–	–
Transactions with owners, recorded directly in equity				
Allocation to legal reserve	–	–	–	–
Recognition of share based payment reserve movement	–	–	9 975	–
New shares issued from long term incentive scheme	10 055	–	(10 055)	–
Dividends paid by subsidiary to minority interests	–	–	–	–
Dividends paid to equity holders	–	(177 049)	–	–
Balance at 30 June 2021 – Reviewed	**882 224**	**4 242 048**	**31 215**	**5 817**
Total comprehensive income for the period				
Profit for the period	-	385 771	–	–
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX				
Other comprehensive income	–	–	–	9 431
Foreign currency translation reserve	–	–	–	–
Transactions with owners, recorded directly in equity	–	–	–	–
Allocation from legal reserve	–	(50 409)	–	–
Recognition of share based payment reserve movement	–	–	8 692	–
New shares issued from long term incentive scheme	–	–	–	–
Dividends paid by subsidiary to minority interests	–	–	–	–
Dividends paid to equity holders	–	(155 842)	–	–
Balance at 31 December 2021 – Audited	**882 224**	**4 421 568**	**39 907**	**15 248**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				
Profit for the period	–	217 047	–	–
Other comprehensive income, net of income tax		–	–	–
Other comprehensive income	–	–	–	–
Foreign currency translation reserve	–	–	–	–
Transactions with owners, recorded directly in equity				
Allocation from legal reserve	–	(48 536)	–	–
Recognition of share based payment reserve movement	–	–	(7 517)	–
New shares issued from long term incentive scheme	–	–	–	–
Dividends paid by subsidiary to minority interests	–	–	–	–
Dividends paid to equity holders	–	(208 077)	–	–
Balance at 30 June 2022 - Reviewed	**882 224**	**4 382 002**	**32 390**	**15 248**

Foreign currency translation reserve P'000	Legal reserve P'000	Non-controlling interest P'000	Total P'000
(885 673)	**214 835**	**417 819**	**4 789 576**
–	–	27 911	313 694
–	–	–	–
231 624	–	14 213	245 837
–	–	–	–
–	–	–	9 975
–	–	–	–
–	–	(24 036)	(24 036)
–	–	–	(177 049)
(654 049)	**214 835**	**435 907**	**5 157 997**
–	–	30 036	415 807
			–
–	–	–	9 431
96 708	–	(12 721)	83 987
–	–	–	–
–	50 409	–	–
–	–	-	8 692
–	–	–	–
–	–	(14 070)	(14 070)
–	–	–	(155 842)
(557 341)	**265 244**	**439 152**	**5 506 002**
–	–	30 870	247 917
–	–	–	–
–	–	–	–
86 338	–	12 421	98 759
			–
–	48 536	–	
–	–	–	(7 517)
–	–	–	–
–	–	(46 953)	(46 953)
–	–	–	(208 077)
(471 003)	**313 780**	**435 490**	**5 590 131**

SEGMENTAL REPORTING

For the period ended 30 June 2022

The Group's geographical operating segments are reported below:

Reportable segments 30 June 2022	Botswana P'000	Namibia P'000	Mozambique P'000	Lesotho P'000	Eswatini P'000	Kenya P'000
Interest income at effective interest rate	**363 948**	**242 489**	**275 580**	**50 400**	**63 619**	**76 514**
Interest expense at effective interest rate	**(77 699)**	**(69 815)**	**(78 976)**	**(4 396)**	**(14 420)**	**(28 005)**
Other interest expense	**(1 257)**	**(176)**	**(1 294)**	**(1 075)**	**(226)**	**(685)**
Net interest income	**284 992**	**172 498**	**195 310**	**44 929**	**48 973**	**47 824**
Fee and commission income	**–**	**12 965**	**12 713**	**–**	**–**	**3 198**
Other operating income	**63 902**	**104 794**	**4 139**	**(6 571)**	**2 828**	**4 709**
Operating income	**348 894**	**290 257**	**212 162**	**38 358**	**51 801**	**55 731**
Profit / (loss) before taxation	**237 269**	**164 914**	**99 488**	**28 308**	**26 013**	**18 064**
Taxation – consolidated						
Profit – consolidated						
Gross advances to customers	3 220 365	3 437 217	1 966 679	396 318	546 631	622 965
Impairment provisions	(125 709)	(35 158)	(46 904)	(13 330)	(45 714)	(46 177)
Net advances	**3 094 656**	**3 402 059**	**1 919 775**	**382 988**	**500 917**	**576 788**
Total assets	**3 212 999**	**4 606 202**	**2 161 095**	**487 189**	**551 681**	**669 597**
Borrowings	**1 513 837**	**1 907 538**	**188 869**	**75 669**	**123 260**	**364 036**
Total liabilities	**1 609 449**	**2 422 973**	**834 638**	**98 846**	**149 779**	**412 432**

Reportable segments 30 June 2021	Botswana P'000	Namibia P'000	Mozambique P'000	Lesotho P'000	Eswatini P'000	Kenya P'000
Interest income at effective interest rate	355 091	244 087	242 677	62 918	51 284	85 826
Interest expense at effective interest rate	(58 034)	(42 244)	(61 368)	(14 250)	(15 542)	(25 327)
Other interest expense	(2 555)	(453)	(1 553)	(3 410)	(390)	(515)
Net interest income	294 502	201 390	179 756	45 258	35 352	59 984
Fee and commission income	–	2 501	12 083	–	–	6 503
Other operating income	46 605	80 622	(3 361)	46	8 167	4 312
Operating income	341 107	284 513	188 478	45 304	43 519	70 799
Profit / (loss) before taxation	248 465	170 535	134 482	30 174	12 905	50 893
Taxation – consolidated						
Profit – consolidated						
Gross advances to customers	2 926 074	3 021 003	1 579 769	404 685	544 389	747 502
Impairment provisions	(114 818)	(69 775)	(28 331)	(15 896)	(31 835)	(120 191)
Net advances	**2 811 256**	**2 951 228**	**1 551 438**	388 789	512 554	627 311
Total assets	**3 081 403**	**3 371 189**	**1 868 269**	434 240	543 702	727 314
Borrowings	**1 938 231**	**532 172**	**279 719**	6 335	253 694	461 760
Total liabilities	**2 041 040**	**891 774**	**860 136**	14 229	270 575	591 532

Rwanda P'000	Uganda P'000	Tanzania P'000	Nigeria P'000	Ghana P'000	Holding company and eliminations P'000	Total P'000
8 909	**96 621**	**66 776**	**40 131**	**392 920**	**(78 771)**	**1 599 136**
(2 326)	**(13 364)**	**(3 889)**	**(2 582)**	**(325 023)**	**(54 312)**	**(674 807)**
(129)	**(154)**	**(26)**	**–**	**(300)**	**(1 497)**	**(6 819)**
6 454	**83 103**	**62 861**	**37 549**	**67 597**	**(134 580)**	**917 510**
1 131	**–**	**(373)**	**391**	**14 050**	**–**	**44 075**
1 845	**(1 991)**	**6 631**	**573**	**18 718**	**8 942**	**208 519**
9 430	**81 112**	**69 119**	**38 513**	**100 365**	**(125 638)**	**1 170 104**
1 830	**19 539**	**(5 051)**	**422**	**33 480**	**(178 320)**	**445 956**
						(198 039)
						247 917
110 675	463 469	455 941	197 784	1 394 427	–	12 812 471
(4 727)	(33 240)	(63 690)	(43 212)	(154 831)	–	(612 692)
105 948	**430 229**	**392 251**	**154 572**	**1 239 596**	**–**	**12 199 779**
125 350	**510 802**	**614 120**	**238 932**	**1 991 922**	**1 700 199**	**16 870 088**
–	**187 226**	**–**	**–**	**1 130 375**	**2 398 544**	**7 889 354**
34 581	**239 693**	**84 807**	**77 544**	**1 713 365**	**3 601 850**	**11 279 957**

Rwanda P'000	Uganda P'000	Tanzania P'000	Nigeria P'000	Ghana P'000	Holding company and eliminations P'000	Total P'000
4 892	91 104	63 295	37 975	320 227	(48 959)	1 510 417
(1 083)	(15 495)	(3 513)	(1 858)	(215 921)	(18 925)	(473 560)
(145)	(1 054)	197	(171)	(6 189)	(1 790)	(18 028)
3 664	74 555	59 979	35 946	98 117	(69 675)	1 018 829
11	–	1 406	263	12 675	–	35 442
678	1 889	5 862	–	510	(30 951)	114 379
4 353	76 444	67 247	36 209	111 302	(100 625)	1 168 650
(263)	16 369	8 191	3 749	51 423	(182 845)	544 078
						(230 384)
						313 694
33 474	429 676	442 994	174 045	1 430 822	–	11 734 433
(2 990)	(37 133)	(43 694)	(23 036)	(143 368)	–	(631 067)
30 484	392 543	399 300	151 009	1 287 454	–	11 103 366
56 888	456 303	543 211	163 235	1 601 089	491 877	13 338 720
–	185 118	–	–	826 649	1 374 380	5 858 058
22 770	200 068	76 379	53 156	1 409 434	1 749 630	8 180 723

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		At 30 June 2022 (Reviewed) P'000	At 30 June 2021 (Reviewed) P'000	At 31 Dec 2021 (Audited) P'000
1	**CASH AND SIMILAR INSTRUMENTS**			
	Cash at bank and in hand	994 947	803 352	1 217 269
	Statutory cash reserve	21 786	69 212	58 206
	Short term investments	300 284	133 272	138 025
		1 317 017	1 005 836	**1 413 500**
	Cash and similar instruments for the purpose of the statement of cash flows	**1 295 231**	**936 624**	**1 355 294**
2	**INVESTMENT IN SECURITIES**			
	Government and Corporate bonds: 2 – 5 year fixed rate notes	921 168	–	832 116
	Government and Corporate bonds: Above 5 year fixed rate notes	26 823	–	27 380
		947 991	**–**	**859 496**
3	**ADVANCES TO CUSTOMERS**			
	Gross advances to customers	12 812 471	11 734 433	12 439 300
	Less : Expected credit losses			
	– Stage 1	(140 762)	(208 263)	(130 813)
	– Stage 2	(95 193)	(129 047)	(110 193)
	– Stage 3	(376 737)	(293 757)	(322 699)
	Net advances to customers	**12 199 779**	**11 103 366**	**11 875 595**
4	**OTHER RECEIVABLES**			
	Deposits and prepayments	74 838	43 857	82 120
	Receivable from insurance arrangements	284 656	258 458	269 544
	Withholding tax and value added tax	1 106	812	880
	Deferred arrangement fees	27 391	23 897	29 767
	Settlement and clearing accounts	137 965	38 151	19 742
	Other receivables	16 030	9 772	11 358
		541 986	**374 947**	**413 411**
5	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**			
	Foreign currency swaps	**1 127 619**	**260 832**	**826 092**

This relates to short-term foreign currency swap arrangements with financial institutions, where the Group pays a specified amount in one currency and receives a specified amount in another currency to reduce its exposure to currency risk. These were translated using reporting date exchange rates to reflect the changes in foreign currencies. The related financial liability at fair value through profit or loss is in note 10.

6 PROPERTY AND EQUIPMENT

	Carrying amount at 01 Jan 2022	Additions	Transfers	Depreciation charge	Forex translation	**Carrying amount at 30 June 2022**
Motor vehicles	5 309	4 358	–	(1 422)	(237)	**8 008**
Computer equipment	25 711	8 355	1 279	(8 983)	(2 525)	**23 837**
Office furniture and equipment	30 213	6 002	–	(3 821)	(2 289)	**30 105**
Land and building	16 886	–	–	–	463	**17 349**
Work in progress	94 703	46 682	(66 699)	–	508	**75 194**
	172 822	**65 397**	**(65 420)**	**(14 226)**	**(4 080)**	**154 493**

7 RIGHT–OF–USE ASSETS

	Carrying amount at 01 Jan 2022	Additions	Modifications	Depreciation charge	Forex translation	**Carrying amount at 30 June 2022**
Property	98 756	16 496	–	(18 787)	683	**97 148**
	98 756	**16 496**	**–**	**(18 787)**	**683**	**97 148**

8 INTANGIBLE ASSETS

	Carrying amount at 01 Jan 2022	Additions	Transfers	Disposal	Amortisation charge	Forex translation	**Carrying amount at 30 June 2022**
Computer software	27 892	5 864	(1 279)	2 024	(5 592)	(1 778)	**27 131**
Brand value	826	–	–	–	(127)	(95)	**604**
Core deposit	1 322	–	–	–	(270)	(91)	**961**
Work in progress	–	54 945	66 261	–	–	–	**121 206**
	30 040	**60 809**	**64 982**	**2 024**	**(5 989)**	**(1 964)**	**149 902**

9 GOODWILL

	At 30 June 2022 (Reviewed) P'000	At 30 June 2021 (Reviewed P'000	At 31 Dec 2021 (Audited) P'000
Goodwill arose on the acquisition of:			
Letshego Holdings Namibia Limited	**23 125**	23 249	22 537
Letshego Tanzania Limited	**2 141**	1 901	2 066
Letshego Kenya Limited	**33 127**	31 940	32 885
AFB Ghana Plc	**8 234**	9 952	10 227
	66 627	**67 042**	**67 715**

Goodwill was translated using reporting date exchange rates to reflect the changes in foreign currencies. The Group assesses the recoverable amount of goodwill in respect of all cash generating units to determine indications of impairment. An assessment was done at year end and there were no indications of impairment for the above cash generating units.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANDSTATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

		At 30 June 2022 (Reviewed) P'000	At 30 June 2021 (Reviewed) P'000	At 31 Dec 2021 (Audited) P'000
10	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**			
	Foreign currency swaps (note 5)	**1 109 563**	**255 807**	**808 621**
11	**CUSTOMER DEPOSITS**			
	Demand accounts	**26 986**	53 086	38 501
	Savings accounts	**395 319**	268 552	395 319
	Call and term deposits	**741 766**	667 274	741 766
		1 164 071	**988 912**	**1 175 586**
12	**CASH COLLATERAL**			
	Cash collateral on loans and advances	**20 303**	19 093	21 522
	Cash collateral represents payments made by customers as security for loans taken. The amounts are refundable upon the successful repayment of loans by customers or are utilised to cover loans in the event of default.			
13	**TRADE AND OTHER PAYABLES**			
	Insurance premium payable	**187 488**	127 513	142 839
	Payroll related accruals	**30 200**	20 999	14 400
	Staff incentive accrual	**31 969**	31 331	87 888
	Other provisions	**105 672**	65 685	29 295
	Guarantee funds	**361 546**	414 939	546 039
	Trade and other payables	**167 662**	117 457	124 493
	Value added tax / withholding tax payable	**46 433**	29 739	20 906
		930 970	**807 663**	965 860
14	**LEASE LIABILITIES**			
	Lease liability	**96 066**	**107 316**	**99 646**
15	**BORROWINGS**			
	Commercial banks	**4 102 301**	2 364 758	3 015 603
	Note programmes	**1 595 901**	1 658 276	2 070 285
	DFI's	**2 124 382**	1 794 954	2 294 880
	Pension Funds	**66 770**	40 070	–
	Total borrowings	**7 889 354**	**5 858 058**	**7 380 768**
16	**STATED CAPITAL**			
	Issued: 2,144,045,175 ordinary shares of no par value (2021: 2,144,045,175) of which nil shares (2021: 9,222,720 shares) are held as treasury shares	**882 224**	**882 224**	**882 224**

		6 months ended 30 June 2022 (Reviewed) P'000	6 months ended 30 June 2021 (Reviewed) P'000	12 months ended 31 Dec 2021 (Audited) P'000
17	**INTEREST INCOME AT EFFECTIVE INTEREST RATE**			
	Advances to customers	**1 293 334**	1 291 986	2 588 409
	Interest income on risk informal / mobile loans	**42 949**	49 013	92 879
	Interest income on non-risk informal / mobile loans	**226 431**	155 045	387 166
	Interest income from deposits with banks	**36 422**	14 373	42 057
		1 599 136	**1 510 417**	**3 110 511**
18	**INTEREST EXPENSE AT EFFECTIVE INTEREST RATE**			
	Overdraft facilities and term loans	448 376	318 515	731 942
	Interest expense on non-risk informal / mobile loans	226 431	155 045	387 166
		674 807	**473 560**	1 119 108
18.1	**OTHER INTEREST EXPENSE**			
	Interest expense on leases	6 819	7 621	14 930
	Net foreign exchange loss/(gain)	–	10 407	(2 361)
		6 819	**18 028**	12 569
		681 626	**491 588**	**1 131 677**
19	**FEE AND COMMISSION INCOME**			
	Administration fees – lending	28 704	35 442	68 310
	Credit life insurance commission	15 371		15 371
		44 075	**35 442**	**83 681**
20	**OTHER OPERATING INCOME**			
	Early settlement fees	31 544	24 315	53 805
	Income from insurance arrangements	109 034	89 502	200 664
	Long term incentive plan	7 517	–	–
	Market to market gain / (loss) on foreign currency swaps	–	3 223	13 226
	Net foreign exchange gain	47 146		
	Sundry (loss) / income	13 278	(2 661)	16 548
		208 519	**114 379**	**284 243**
21	**EXPECTED CREDIT LOSSES**			
	Amounts written off	169 375	351 243	175 403
	Recoveries during the period	(70 432)	(88 999)	(178 317)
	Expected credit losses (reversed) / raised during the period	(18 375)	(186 525)	(14 282)
		80 568	**75 719**	**(17 196)**
22	**EMPLOYEE COSTS**			
	Salaries and wages	263 328	203 129	411 292
	Staff incentive	1 449	20 514	74 905
	Staff recruitment costs	146	597	1 861
	Staff pension fund contribution	12 975	14 785	31 538
	Directors' remuneration – for management services (executive)	3 989	3 882	7 978
	Long term incentive plan	–	9 975	18 667
		281 887	**252 882**	**546 241**

	6 months ended 30 June 2022 (Reviewed) P'000	6 months ended 30 June 2021 (Reviewed) P'000	12 months ended 31 Dec 2021 (Audited) P'000
23 OTHER OPERATING EXPENSES			
Accounting and secretarial fees	62	103	764
Advertising	20 623	11 831	26 656
Audit fees	3 331	3 974	6 661
– Audit services	3 257	3 900	6 514
– Covenant compliance fees	74	74	147
Bank charges	4 454	3 433	8 693
Computer expenses	6 212	4 652	13 139
Consultancy fees	14 936	20 107	49 805
Corporate social responsibility	1 459	617	1 689
Collection commission	37 079	30 035	75 909
Direct costs	14 082	19 549	36 844
Direct costs – informal loans	15 177	6 521	23 922
Depreciation and amortisation	20 215	24 461	51 426
Depreciation – right of use assets	18 787	23 547	47 255
Directors' fees – non executive	5 978	4 700	9 850
Directors' fees – subsidiary boards	4 072	3 950	9 253
Government levies	10 763	16 081	31 024
Insurance	8 735	28 505	16 798
Insurance fees – customer short term	43 427	–	55 194
Office expenses	11 974	9 799	22 500
Rental expense for low value assets	3 200	1 435	6 638
Short term leases	576	1 753	1 414
Other operating expenses	66 233	40 208	91 156
– Entertainment	154	104	305
– IT costs	2 688	1 835	6 454
– Profit / (loss) on disposal of plant and equipment and intangible assets	2 024	1 189	2 462
- Mark-to-market loss on foreign currency swaps	8 380	–	–
– Motor vehicle expenses	5 580	3 582	8 516
– Printing and Stationery	3 911	3 513	7 996
– Repairs and Maintenance	4 619	3 432	6 060
– Storage costs	1 388	1 309	2 848
– Subscriptions and licenses	12 265	9 848	8 099
– Other expenses	25 224	15 396	48 416
Payroll administration costs	1 090	1 093	1 093
Professional fees	21 928	16 939	34 596
Telephone and postage	17 917	15 080	32 418
Travel	9 383	7 598	16 272
	361 693	**295 971**	**670 969**

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